

Message Text

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SUBJ: UPDATE ON PETROLEUM WORKER CONTRACT NEGOTIATIONS

REF: CARACAS 6593

SUMMARY. THE PETROLEUM UNIONS PRESENTED THEIR CONTRACT DEMANDS TO THE NATIONALIZED OPERATING COMPANIES ON JUNE 27. THE NEXT MEETING WILL BE ON JULY 27. PENSIONS MAY BE THE MAJOR STUMBLING BLOCK TO AGREEMENT LTHOUGH BOTH SIDES REMAIN OPTIMISTIC THAT SETTLEMENT WILL BE REACHED WITHOUT RECOURSE TO A STRIKE. END SUMMARY.

1. AT A MEETING JUNE 27 THE PETROLEUM WORKER FEDERATIONS (FEDEPETROL AND TINY FETRAHYDRACARBUROS) FORMALLY PRESENTED THEIR CONTRACT DEMANDS TO THE OPERATING COMPANIES. THE WORKER'S PROPOSAL CONTAINS 128 CLAUSES AND 14 ANNESES COVERING EVERYTHING FROM INCREASED SALARIES (16 PERCENT TO 30 PERCENT DEPENEING ON CURRENT SALARY) TO WORKER OWNERSHIP OF COMPANY HOUSING AND AN IMPROVED RETIREMENT SYSTEM. AT SAME MEETING THE OPERATING COMPANIES AND THE UNIONS ALSO SIGNED AN INTERIM AGREEMENT PROHIBITING STRIKES OR LOCKOUTS DURING THE FIRST 60 DAYS OF NEGOTIATIONS AND REQUIRING 15 DAYS NOTICE BY EITHER PARTY AFTER
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THE COMPLETION OF 60 DAYS. FOLLOWING THE STANDARD PRACTICE

IN THE PETROLEUM INDUSTRY THE OPERATING COMPANIES HAVE ONE MONTH TO EXAMINE THE WORKER'S PROPOSAL BEFORE OPENING ACTUAL NEGOTIATIONS. IF ALL GOES SMOOTHLY IT IS THOUGHT THAT A CONTRACT MAY BE READY FOR SIGNATURE SOMETIME IN OCTOBER OR NOVEMBER- CERTAINLY NOT BEFORE GIVE THE COMPLEXITY OF THE PETROLEUM WORKER'S CONTRACT AND THE MANY IMPORTANT QUESTIONS WHICH MUST BE CONSIDERED IN ITS RENEWAL. THE OPERATING COMPANIES HAVE DESIGNED THE VETERAN NEGOTIATING TEAM OF LAGOVEN (EX-EXXON), MARAVEN (EX-SHELL), AND MENEVEN (EX-GULF) WHICH HAS TRADITIONALLY REPRESENTED THE INDUSTRY IN DISCUSSIONS WITH THE WORKERS.

2. BOTH SIDES ARE OPTIMISTIC THAT A SETTLEMENT WILL BE REACHED WITHOUT A STRIKE. HOWEVER, FEDEPETROL REPRESENTATIVES HAVE STRESSED IN RECENT CONVERSATIONS THAT THEY EXPECT THE NEWLY NATIONALIZED INDUSTRY TO TREAT ITS WORKERS BETTER THAN THEY WERE TREATED BY THE TRANS-NATIONALS WHILE COMPANY REPRESENTATIVES INDICATE THAT THEY INTEND TO BARGAIN HARD TO PROVE THAT THE INDUSTRY HAS LOST NONE OF ITS COMPETITIVE EDGE SINCE NATIONALIZATION. COMPANY REPRESENTATIVES FIND MOST OF THE WORKER'S DEMANDS REASONABLE AS A NEGOTIATING BASE. HOWEVER, THE COMPANIES ARE UPSET BY THE WORKER'S DEMAND FOR PENSION REFORM POINTING OUT THAT THE COMBINATION OF NEWLY (1972) INSTITUTED SOCIAL SECURITY PENSIONS, EXTREMELY GENEROUS SEVERANCE PAY UPON RETIREMENT, AND AN EXISTING PRIVATE PENSION PLAN PROBABLY ALREADY MADE VENEZUELAN OIL WORKER RETIREES AMONG THE BEST PAID

IN THE WORLD. WHILE THIS MAY BE TRUE THE HIGH AVERAGE AGE (46) OF THE BLUE-COLLAR WORK FORCE IN THE OIL INDUSTRY MAKES PENSION IMPROVEMENTS AN EXTREMELY POPULAR DEMAND AMONG THE

RANK AND FILE.

3. COMMENT: SO FAR SO GOOD.

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